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M E M O R A N D U M

MARCH 10, 1988

TO: BOSTON REDEVELOPMENT AUTHORITY AND
STEPHEN COYLE, DIRECTOR

FROM: RICARDO MILLETT, ASSISTANT DIRECTOR FOR
NEIGHBORHOOD PLANNING AND DEVELOPMENT

SUBJECT: RECOMMENDING TO THE CITY OF BOSTON AND THE
MASSACHUSETTS BAY TRANSPORTATION AUTHORITY THE
TENTATIVE DESIGNATION OF COLUMBIA PLAZA ASSOCIATES AND
METROPOLITAN STRUCTURES IN A JOINT VENTURE PARTNERSHIP
TO DEVELOP KINGSTON-BEDFORD AND PARCEL 18 SITES

SUMMARY: Columbia Plaza Associates has responded to the Challenge Track criteria issued in October 1987 and is proposing a joint venture partnership with Metropolitan Structures. The Board is requested to recommend to the City of Boston the tentative designation of the joint venture partnership to develop the Kingston-Bedford site and to recommend to the Massachusetts Bay Transportation Authority the tentative designation of the joint venture partnership to develop Southwest Corridor Parcel 18. Final designation would be subject to terms and conditions outlined in the Resolution.

OVERVIEW

On July 31, 1985 Mayor Raymond L. Flynn and Governor Michael Dukakis and members of the Parcel 18+ Task Force entered into an agreement to link the development rights for Southwest Corridor Parcel 18 to those of a significant downtown parcel. The City and State promoted the cooperative enterprise in order to foster new economic opportunities for the minority communities of Boston.

On September 25, 1986 and after substantial public input, the Boston Redevelopment Authority voted to adopt a resolution governing the disposition of the Kingston-Bedford and Parcel 18 sites and authorized the Director to issue a Request for Qualifications to minority teams. The BRA vote was complemented by resolutions by the City of Boston Real Property Board, the City of Boston Public Facilities Commission, and the Massachusetts Bay Transportation Authority (MBTA).

On June 4, 1987 the Boston Redevelopment Authority heard presentations by the competing minority teams and on June 18, 1987 the Authority adopted a resolution to recommend to the City and MBTA that Columbia Plaza Associates (CPA) be declared the winner of the Request for Qualifications competition and that

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CPA be selected as the minority development partner. Through the resolution the Authority also adopted the Challenge Track procedure. In accordance with that procedure, CPA could request within 120 days after the Challenge Track procedure was adopted by the appropriate City and State entities that the Authority consider recommending that CPA and other parties be granted tentative designation. Recommendation for tentative designation was conditioned on the satisfactory fulfillment of the Challenge Track criteria and conformance with the goals of the Parcel to Parcel Linkage Program.

The Authority's resolution was subsequently adopted by the City of Boston Real Property Board, the City of Boston Public Facilities Commission, and the MBTA.

CPA set about responding to the Challenge Track criteria which required:

- o Expansion of the minority and community participation in the venture;
- o Development of a detailed and comprehensive community benefits plan;
- o Development of a feasible housing creation and production plan;
- o Submission of a development plan for each site that is sensitive to the neighborhoods and complies with city and state regulations; and
- o To the maximum extent feasible, the team should negotiate a financing plan with private investors that assures that the projects will be built; assures the financial viability of the projects; and vests management control with the community partners.

A participatory process ensued in which CPA met regularly with the Advisory Parcel comprised of representatives from the Chinatown/South Cove Neighborhood Council, the Parcel 18+ Task Force, the City of Boston Real Property Department, the Mayor's Office of Jobs and Community Services, the MBTA, and the BRA. In addition, CPA met with sub-committees on affordable housing and employment benefits.

In conjunction with the BRA, CPA conducted a competitive process to select a development partner.

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DEVELOPMENT PARTNER SELECTION PROCESS

Columbia Plaza Associates elected to expand its team and enhance its development capabilities by including an established development company as a partner. CPA invited proposals from major developers, asking teams to submit qualifications, a partnership proposal to include the proposed financial and management structure for the joint venture, a development program and project pro formas, and a plan for community benefits.

To attract capable development teams, the BRA advertised the joint venture opportunity nationally and locally. Responses were initially due by November 23, 1987, but the deadline was extended to December 21, 1987 to allow sufficient time for responses to the complex criteria.

Four developers responded, including Metropolitan Structures, Prentiss Properties Limited, Inc., Trammell Crow Company, and Urban Investment and Development Company.

Because some of the proposals were incomplete, on January 5, 1988 each team was notified by the BRA and CPA of the opportunity to provide additional information by January 11, 1988. The BRA and CPA also outlined the selection process in a letter to each team.

Prentiss Properties Limited, Inc. withdrew from the competition, and between January 12 and 20 the remaining competitors were interviewed at joint meetings of the BRA and CPA. On January 21 the competitors were interviewed by the Advisory Panel which includes representatives of the Chinatown/South Cove Neighborhood Council, the Parcel 18+ Task Force, the Massachusetts Bay Transit Authority, the Governor's Office of Economic Development, the City of Boston's Real Property Department, the Mayor's Office of Jobs and Community Services, and the BRA.

A group then travelled to visit the corporate headquarters and projects of each team. Representatives of the two community groups, the Governor's Office of Economic Development, the BRA, and CPA visited Trammell Crow Company in Washington, D.C. and Dallas, Metropolitan Structures in Chicago and Los Angeles, and Urban Investment and Development Company in Chicago and Boston. (A report of the trip is attached.)

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On February 6 each team made a presentation to the Chinatown and Roxbury communities in City Council Chambers. Public comments were invited, to be submitted to the BRA by February 16. CPA met with the South Cove/Chinatown Neighborhood Council and the Parcel 18+ Task Force prior to selecting its partner. CPA received the support of both groups who felt that they would work with the developer of CPA's choice.

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On February 24 CPA met again with the Advisory Panel to announce its selection of Metropolitan Structures. There was a consensus among Advisory Panel members to support CPA's selection. Metropolitan Structures, based in Chicago, is one of the country's largest real estate developers with projects in Chicago, Los Angeles, and Dallas. Metropolitan Life Insurance Company is a 50 percent partner in Metropolitan Structures.

CHALLENGE TRACK RESPONSE

CPA responded to the Challenge Track criteria with the attached proposal, which may be summarized as follows:

Team Expansion:

CPA has selected Metropolitan Structures as a 50/50 joint venture partner. This enhances CPA's position beyond the one-third share which was a minimum requirement. Ruggles Bedford Associates, a partner in Columbia Plaza Associates, will offer Class B shares to members of minority teams who competed with CPA to develop the projects and, if such offering is not fully subscribed by members of those groups, then to other community residents. RBA will also give four community development corporations in Roxbury an opportunity to purchase shares of voting common stock. This approach will increase community participation in the joint venture beyond the Class C shares which Chinese Investment Limited Partnership, partner in CPA, made available to the Chinese Consolidated Benevolent Association.

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Community Benefits:

The joint venture proposes to contribute 10 percent of the developer's fee, 5 percent of the net operating income, and 10 percent of the net residuals to a community development trust fund to benefit Chinatown and Roxbury.

Employment and Training:

The joint venture will work with the City and impacted communities to exceed the existing minority hiring goals. The partnership commits to elect the Jobs Creation option, paying the net present value of the jobs linkage funds to train community residents for permanent employment in the projects. In addition, the partnership is offering a \$100,000 challenge grant to be shared by the communities for their use in planning for community benefits. The challenge grant is subject to a one-for-one match from other sources. A second challenge grant of \$400,000 to be matched two-for-one is also offered, to be used for on-the-job training for minorities in real estate development.

Minority Business Enterprises:

The partnership has a goal of 30 percent MBE/WBE utilization and has agreed to set aside a portion of space in each project for MBEs at affordable rents.

Child Care:

The partnership has committed to provide childcare facilities for a total of 200 children, either on or off site.

Affordable Housing:

The partnership will elect the Housing Creation option, paying the net present value of its linkage obligation to develop affordable housing in Chinatown and Roxbury. One million dollars of the linkage funds will be made available at final designation.

Urban Design:

The partnership has studied each site and has proposed development programs for Kingston-Bedford and Parcel 18. Kingston Bedford is envisioned as a two-phase office development, constructed on public and private parcels with a total build-out of approximately 985,000 square feet and spaces for 700 cars. Parcel 18 is proposed as a four-phase mixed-use project,

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including office, retail, hotel, and parking for a total buildout of 850,000 square feet with parking for 600 cars. The design and development program for each project will receive no approvals at this stage. Project design will be in conformance with the Challenge Track criteria and is subject to environmental and design review by the Authority, in conjunction with the Chinatown and Roxbury communities.

Based on a review of CPA's response, we recommend that the Authority recommend to the City of Boston and the MBTA the tentative designation of Columbia Plaza Associates and Metropolitan Structures as the joint venture partnership to develop the Kingston-Bedford and Parcel 18 sites. To carry out this recommendation the Board should adopt the Resolution accompanying this memorandum and should authorize the Director to enter into a Memorandum of Agreement with the joint venture partnership which agreement commits the partnership to carry out the conditions of the Resolution.

An appropriate resolution follows.

RESOLUTION OF THE BOSTON REDEVELOPMENT AUTHORITY
REGARDING THE TENTATIVE DESIGNATION
OF A DEVELOPMENT TEAM FOR THE
PARCEL TO PARCEL LINKAGE PROGRAM, PROJECT 1
KINGSTON-BEDFORD/PARCEL 18

WHEREAS, by Resolution of the Authority entitled "Resolution of the Boston Redevelopment Authority Regarding the Tentative Designation of a Minority Partner for the Parcel to Parcel Linkage Program, Project 1, Kingston-Bedford/Parcel 18", adopted June 25, 1987, the Authority found that Columbia Plaza Associates should be declared the winner of the Request for Qualifications competition for the Parcel to Parcel Linkage Program, Project 1, and that Columbia Plaza Associates should be selected as the minority partner for the Project.

WHEREAS, the Authority by the above-mentioned Resolution of June 25, 1987 amended its Resolution of September 25, 1986 by adopting the Challenge Track procedure to allow increased flexibility for the minority developer tentative designee, Columbia Plaza Associates, in achieving and accomplishing the goals and objectives of the Parcel to Parcel Linkage Program as set forth in the aforementioned Resolution of September 25, 1986, and in the Report entitled "Parcel to Parcel Linkage Program: Kingston-Bedford/Parcel 18", as such was amended by the aforementioned Request for Qualifications issued November 7, 1986.

WHEREAS, the Authority in its Resolution of June 25, 1987, found that Columbia Plaza Associates should be allowed to request within one hundred and twenty (120) days of issuance of the Challenge Track Guidelines that the Authority consider recommending to the City of Boston Real Property Board, the City of Boston Public Facilities Commission, under a delegation of authority from the Real Property Department, and the Massachusetts Bay Transportation Authority, that such boards grant full tentative designation for a development team consisting of a partnership of Columbia Plaza Associates and other parties, provided that such partnership demonstrates that it has satisfied the goals and objectives of the Parcel to Parcel Linkage Program, as such have been amended by the aforementioned Request for Qualifications and have been adopted by the Authority's resolution of September 25, 1986, and the Challenge Track criteria, which include:

- o Expansion of the economic participation of Columbia Plaza Associates, and other minority and community economic participants in the venture;
- o Development of a comprehensive community benefits program

that would outline in detail how this project and its linkage would produce jobs, housing, child care, and other necessary community service;

- o Development of a feasible housing creation and production plan;
- o Submission of a development plan that is sensitive to both the Chinatown and Roxbury communities and consistent with state and city development regulations; and
- o Reaching agreement with private investors to guarantee development of this project in a way that vests controlling interest with community partners.

WHEREAS, after issuance of a Request for Proposals for a development partner by Columbia Plaza Associates, Metropolitan Structures, Trammell Crow Company, Urban Investment and Development Company and Prentiss Properties responded and were evaluated by the Roxbury and Chinatown communities, the BRA staff, the Advisory panel and Columbia Plaza Associates as potential partners within the framework of the Challenge Track criteria.

WHEREAS, Columbia Plaza Associates substantially has satisfied the criteria required under the Challenge Track to receive tentative designation without the issuance of an additional Request for Proposals.

WHEREAS, Columbia Plaza Associates, after extensive review of the proposals has recommended Metropolitan Structures as its choice for development partner.

WHEREAS, Metropolitan Structures, the proposed development partner for Columbia Plaza Associates, has presented its proposal to the Roxbury and Chinatown communities for review, and the communities have endorsed CPA's choice of Metropolitan Structures as development partner, as evidenced by letters of recommendation included in the Report and Recommendation to the Authority.

WHEREAS, Authority staff has reviewed the proposals and interviewed the competing development teams and found that Metropolitan Structures is well qualified to be Columbia Plaza Associates's development partner.

THEREFORE, be it resolved that the Authority hereby recommends to the City of Boston Real Property Board and the City of Boston Public Facilities Commission that the partnership of Columbia Plaza Associates and Metropolitan Structures be granted full tentative designation as developer of the Kingston-Bedford site, subject to submission within three hundred and sixty (360) days of the following, and hereby recommends to the Massachusetts Bay Transportation Authority the full tentative designation of the partnership of Columbia Plaza Associates and Metropolitan

Structures as developer of Parcel 18. Extensions may be granted as the Director deems appropriate and necessary:

- o Evidence of the availability of necessary equity funds, as needed;
- o Urban design and architectural plans in accordance with Article 31 of the City of Boston Zoning Code and the Authority's design review procedures;
- o Evidence of firm financial commitments from banks or other lending institutions;
- o Final Working drawings and specifications in accordance with the Challenge Track guidelines of plans for all aspects of development, including but not limited to the child care center, housing developments, office and retail developments and parking facilities.
- o A partnership agreement within 60 days that describes the CPA/MS joint venture.
- o Evidence of expansion of community equity in the partnership; and prospectuses for stock offerings to community based organizations including but not limited to the four signatory CDC's to the Parcel 18+ Agreement.
- o Submission of more detailed plans for community benefits, including the following:
 - o a detailed description of the proposed corporate structure, impact area, management and programs and operations for the community trust fund;
 - o completion of residents employment plans and other such plans required by city and state regulations, development of a jobs creation proposal to the Neighborhood Jobs Trust; a tenant profile; establishment of a community clearinghouse for jobs information; provision of marketing profiles to the Roxbury and Chinatown community representatives;
 - o plans for the design, operations and use of the child care facilities;
 - o a detailed list of consultants who are Minority Business Enterprises, complete with copies of the certification letters; a plan for minority business enterprise space in the development, including amount of space and level of subsidy, if any; and a detailed schedule and location plan; for other MBE resources, space or facilities; and

- o housing plans developed in conjunction with the Roxbury and Chinatown communities, and a proposal for housing creation to the Neighborhood Housing Trust.
- o A detailed project financing plan, including the nature and source of financing; pro formas; and signed construction contracts; and a signed Redeveloper's Statement of Qualifications and Financial Responsibility or its equivalent. The plan shall indicate the need for and appropriateness of public funding for certain aspects of the project and shall be subject to Authority approval.

THEREFORE, be it resolved that the Authority, as development agent to the City and state and therefore as recommending body, authorizes the Director to enter into a Memorandum of Agreement with the partnership of Columbia Plaza Associates and Metropolitan Structures that incorporates the conditions outlined above, and specifies agreement to comply with appropriate city and state regulations.

THEREFORE, be it resolved that the Authority recommends to the appropriate agencies that the partnership of Columbia Plaza Associates and Metropolitan Structures be granted a license to enter upon the property to conduct test borings and survey work, and a license to occupy the property for the purpose of establishing a community clearinghouse center, as necessary and appropriate.